

Rep. Rick Larsen
Paycheck Protection Program
Tour Report

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Paycheck Protection Program (PPP) Overview

In March, Congress passed the bipartisan *Coronavirus Aid, Relief, and Economic Security (CARES) Act* which established the Paycheck Protection Program (PPP), a loan program intended to help small businesses keep employees on payroll during the COVID-19 pandemic. The *CARES Act* originally set aside \$349 billion for PPP loans to be administered through the Small Business Administration (SBA) and distributed through private lending institutions. In April, Congress appropriated an additional \$310 billion for PPP through the *Paycheck Protection Program and Health Care Enhancement Act*. Subsequent legislation extended the application deadline from June 30, 2020, to August 8, 2020. These loans cover up to eight weeks of payroll. Generally, small businesses with fewer than 500 employees were eligible, as well as 501(c)(3) nonprofits, 501(c)(19) veterans' organizations and tribal businesses. The maximum loan amount per business was \$10 million.

Nationwide, more than 5,400 lending institutions approved over 5.2 million PPP loans totaling about \$525 billion, according to the SBA. The average loan size was approximately \$100,000.

PPP Loan Forgiveness Process

The *CARES Act* also established a process by which PPP loans could be forgiven if 75 percent (later reduced to 60 percent) of the principal was used to cover a borrower's payroll, rent and utility expenses. Small businesses must provide documentation to verify these expenses and certify that all the documentation is correct.

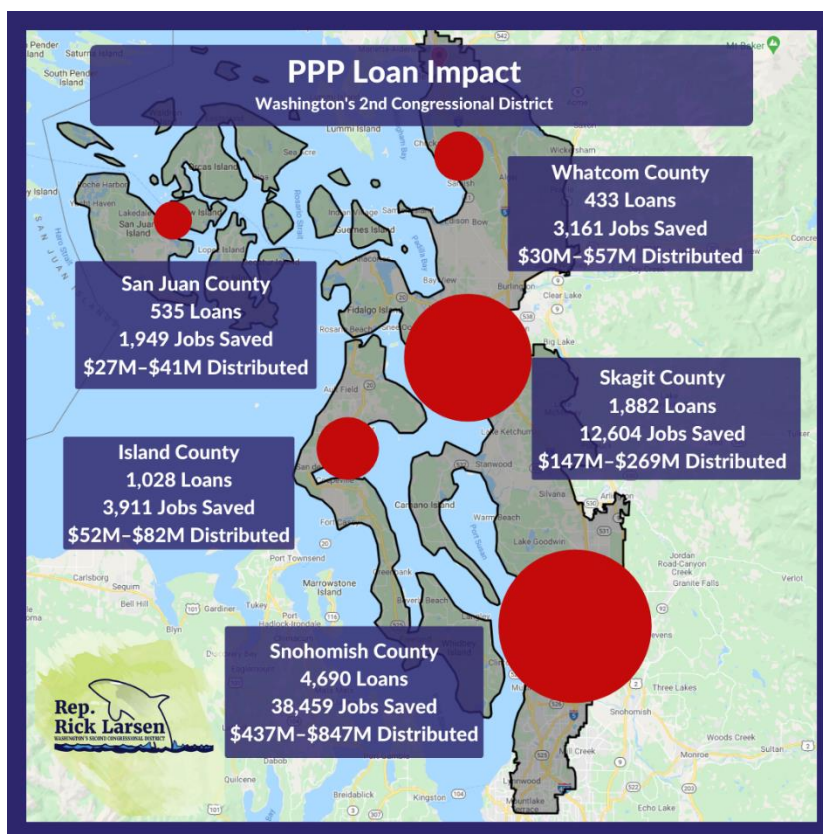
Efforts to simplify the forgiveness process have focused on lessening the documentation requirements for smaller PPP loans. Approximately 85 percent of PPP borrowers nationwide took loans of \$150,000 or less, yet those loans accounted for just 26 percent of total PPP funds obligated. Providing a more streamlined forgiveness process for smaller loans would enable federal regulators to concentrate on reviewing eligibility and investigating potential fraud within the 15 percent of borrowers who received 74 percent of PPP funding. On October 8, SBA announced a streamlined, one-page forgiveness application for loans of \$50,000 or less. This application removes some of the administrative burden on the approximately 3.57 million PPP loans at or below \$50,000, which accounts for about 56 percent of PPP loans. The updated *HEROES Act*, which the House passed

in October, includes automatic forgiveness for loans \$50,000 or less and a simplified application process for loans from \$50,001 to \$150,000.

Banks began accepting applications for forgiveness on October 2 and have expressed concerns about the process. Lenders support a streamlined forgiveness threshold of \$150,000 or less—as provided for in the updated *HEROES Act*—in order to reduce the burden of documentation on businesses and their lenders. These lenders are also asking for clarity on how much supplementary documentation is required for loan forgiveness. Simplifying these rules will also be critical to incentivize businesses to participate in any potential future PPP offering.

Impacts to the Second Congressional District

Small businesses in Washington’s Second District received PPP loans totaling between \$693 million and \$1.3 billion. A total of 8,570 loans helped save approximately 60,000 jobs in the district. For businesses that received PPP loans of \$150,000 or more, SBA reported the loan amounts in ranges. The number of loans in the district for less than \$150,000 was 7,450; 1,120 loans were in the amount of \$150,000 or more.



The tables below list the top industries and lenders for PPP loans in the Second District, by volume.

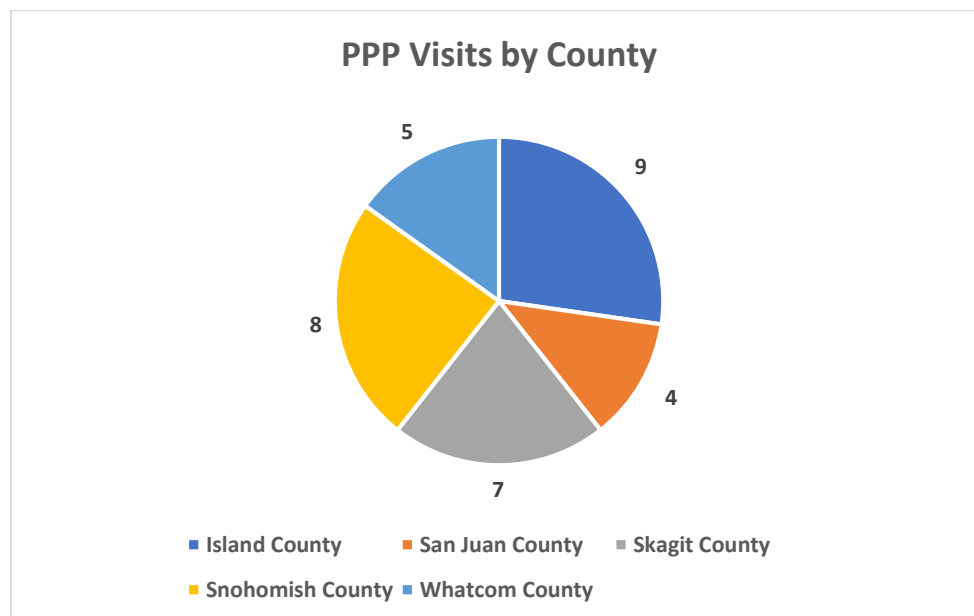
Top Five Industries	Number of Loans in the 2nd District
Full-service restaurants	304
New single-family housing construction	236
Real estate agents and brokers	194
Dentists	185
Beauty Salons	155

Top Ten Lenders	Number of Loans in the 2nd District
Heritage Bank	898
Bank of America	859
Banner Bank	702
Coastal Community Bank	694
U.S. Bank	491
Peoples Bank	470
JP Morgan Chase	431
SaviBank	413
KeyBank	401
Wells Fargo	363

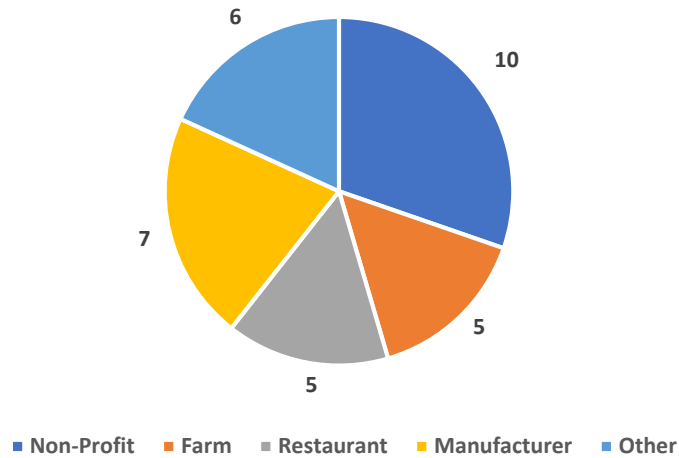
2020 PPP Visits

Representative Larsen visited 33 businesses across the Second District that received PPP loans. These businesses saved more than 1,300 jobs with the help of over \$17 million in PPP loans from ten different banks.

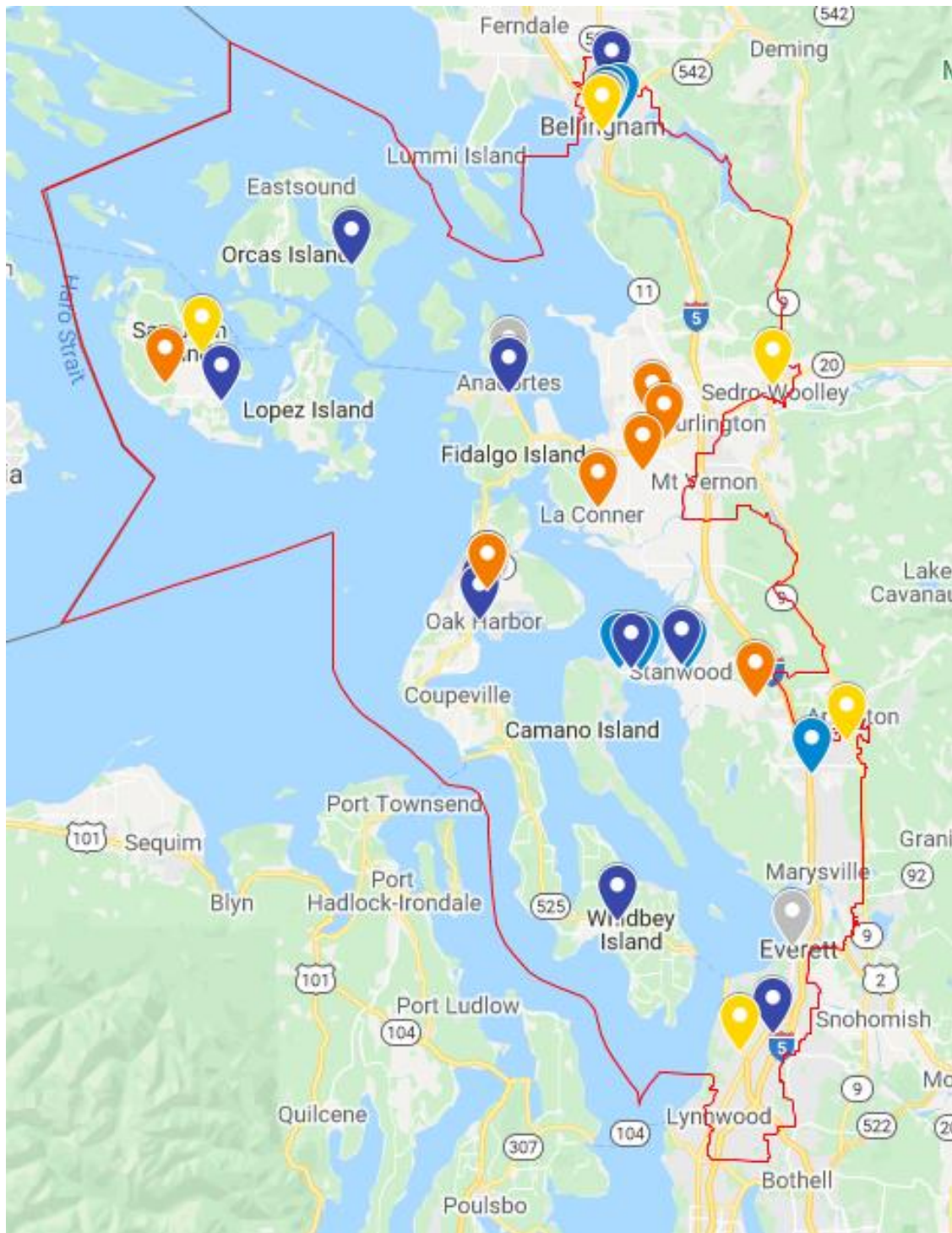
Data



PPP Visits by Industry



<div>8/10/2020 Greater Trinity Church</div> <div>8/10/2020 The New Mexicans</div> <div>8/10/2020 Michael Dame & Associates</div> <div>8/10/2020 Josephine Caring Community</div> <div>8/11/2020 Bread Farm</div> <div>8/11/2020 Dogwood Industries</div> <div>8/11/2020 Viva Farms</div> <div>8/11/2020 Hedlin Farms</div> <div>8/11/2020 Tulip Town</div> <div>8/12/2020 Pelindaba Lavender Farm</div> <div>8/12/2020 Luxel Corp</div> <div>8/12/2020 The Whale Museum</div> <div>8/13/2020 China City</div> <div>8/13/2020 Technical Services Inc</div> <div>8/13/2020 Ryan's House</div> <div>8/14/2020 Commercial Aircraft Interiors</div> <div>8/14/2020 Marysville Toyota</div>	<div>8/17/2020 Whatcom Habitat for Humanity</div> <div>8/17/2020 Mt. Baker Ski Area</div> <div>8/17/2020 Keith Cox Autobahn</div> <div>8/17/2020 Aslan Brewing Depot</div> <div>8/19/2020 Gere-a-Deli</div> <div>8/19/2020 Anacortes Family Center</div> <div>8/27/2020 Camano Island Dental Center</div> <div>8/27/2020 Camano Commons Market</div> <div>8/27/2020 Camano Lutheran Church</div> <div>8/27/2020 Natural Milk Dairy</div> <div>9/8/2020 Orion Industries</div> <div>10/13/2020 Oyster Creek Canvas</div> <div>10/21/2020 Island Senior Resources</div> <div>10/23/2020 Friends of San Juans</div> <div>10/26/2020 Citizens Against Domestic</div> <div>10/26/2020 Blue Mountain Electric</div>
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PPP visits by type across WA-02

Key Themes

Most PPP recipients Representative Larsen visited gave positive feedback on the program and their banks. Business owners were relieved to have a funding source to keep them afloat during the state's Stay at Home order and its immediate aftermath. Recipients were able to either keep employees on the payroll or rehire employees furloughed or laid off, and many businesses also used a portion their loan to pay monthly rent and utility costs. Evie Desimone, owner of The New Mexicans restaurant in Everett, was able to rehire several employees and did not have to close like other downtown restaurants. Josephine Caring Community in Stanwood kept its employees on the payroll as the PPP loan covered two periods of their payroll. Without their PPP loans, the owners of these businesses said they would have faced bankruptcy.

A key determinant of a business's positive PPP experience was whether the business had an existing relationship with a lender. Some businesses were successful early in the program because of long-standing relationships with bankers. In Oak Harbor, Jack Ng, owner of China City restaurant, explained how he maintained a relationship with his banker even as the banker moved from one bank to the next. This close relationship was key to his quick receipt of a PPP loan. In some instances, a business applied for a PPP loan with one bank but had to reapply with another bank that was more responsive or knowledgeable of the program. Jeremy Visser at Natural Milk LLC was one such businessowner.

Uncertainty surrounding loan forgiveness was a common concern among business owners. Some PPP recipients, like Bread Farm in Burlington and Dr. Chris Perez's dental practice at Camano Island Dental Center, are electing to wait for additional clarity on documentation and forgiveness. Other businesses, however, are more anxious to remove PPP loan liability from their balance sheets at the earliest opportunity. For these businesses, streamlined documentation requirements would ease their administrative burden and simplify the forgiveness process.

Press

- [Anacortes American: Larsen talks loans, postal service during visit](#)
- [Everett Herald: Rep. Larsen tours small businesses given federal PPP loans](#)
- [Journal of the San Juans: Larsen to visit Friday Harbor small businesses benefiting from federal pandemic relief, meet with San Juan Land Bank staff](#)
- [La Conner Weekly News: U.S. Rep. Larsen makes House calls on local farmers](#)
- [San Juan Islander: Butterfly and space telescope filters highlighted during Larsen's visit](#)
- [Skagit Valley Herald: Members of Congress call for more COVID relief](#)
- [Stanwood Camano News: Federal loans went to 455 local businesses, retaining 1,600 jobs](#)
- [Whidbey News-Times: Congressman tours Oak Harbor businesses that received federal relief funds](#)